

The Macro Outlook: US Government Shutdown Nearing the End

The key events shaping the w/c 10 November 2025: Veterans Day, resolution on the US government shutdown, UK & Aus labour market reports, Euro area & UK GDP Q3

Recap from last week: Resilience Undermined by Policy Uncertainty in Oct

Momentum in the US economy remains difficult to assess, as we continue to rely almost exclusively on private sector surveys and data due to the government shutdown. Though at the time of writing, there are reports of a potential stopgap funding agreement that could see the longest US government shutdown end this week (source: [Bloomberg](#)).

The data we received last week reflected activity that remained surprisingly resilient, while sentiment became more pessimistic due to policy uncertainty. The US PMI survey data for Oct reflected still solid activity, but the outlook was undermined by elevated caution. Similarly, US consumer sentiment fell sharply again at the start of Nov amid shutdown concerns. The limited and mixed US data will likely remain a challenge for the FOMC as it grapples with the risks to its dual mandate. Last week, private sector data suggested little aggregate change in labor market conditions in Oct but highlighted pockets of weakness. Globally, both the Bank of England (BoE) and the Reserve Bank of Australia (RBA) kept policy unchanged, with both central banks signalling heightened uncertainty – but for structurally different reasons.

US Activity Tempered by Caution

The US headline PMIs mostly indicated a solid start to activity in Q4. The S&P PMIs showed moderate expansion in manufacturing and services, led by output and demand. Domestic activity led the way, while export demand remained in contraction. Finance and tech sectors were key drivers of the expansion, but reports noted signs of improving consumer demand. A question remains over the durability of manufacturing output growth, though, given the large increase in finished goods inventories. The price indexes still showed persistent inflation pressures, but provided little guidance on the magnitude of the pressures.

The stronger, unifying theme of the PMI surveys was the weaker/falling sentiment, citing trade policy (tariffs), political uncertainty (federal shutdown), and generally "mixed signals" from the economy. Reports suggested that weakening sentiment due to policy and political uncertainty during Oct (namely, the US-China trade flare-up and US government shutdown) may have held back activity and muddied the outlook for firms.

Consumer Sentiment: A Reaction to Policy

This pervasive uncertainty was clearly reflected in the prelim Michigan consumer sentiment survey for Nov. All three headline measures fell notably at the start of Nov, building on weaker readings from the two prior months. Declines in both the outlook and current conditions were widespread among consumers, citing "worries about the potential negative consequences of the ongoing federal government shutdown". Importantly, since these primary sources of increased uncertainty are unlikely to be enduring, sentiment could rebound once the shutdown is resolved.

Labor Market Data Gap Challenges the FOMC

Ordinarily, this would have been the week for the Oct payrolls report. The absence of the US government data is particularly crucial now, as the FOMC continues to grapple with opposing risks to its dual mandate and internal division on the near-term policy path. Last week's private sector data reflected some mixed signals on the US labor market, but little to suggest a material change from the cooling conditions. The PMI surveys showed little change in employment momentum across manufacturing and services, with some reports noting that the heightened uncertainty held back decisions on hiring in Oct. Conversely, the ADP payroll report recorded a stronger-than-expected increase in Oct at +42k (expecting +25k) – breaking a series of weaker payroll reports. Layoffs were mixed: the Challenger Job Cut Announcement survey recorded a notable increase in layoff announcements to 153k in Oct from 54k in Sept. The increase in layoffs in Oct was led mostly by 'warehousing' (UPS announcements), and technology. However, the technology job cuts (+33k) were offset by a notable increase in technology hiring announcements (+250k). Over the YTD, DOGE is still the largest contributor to job cut announcements. While the "DOGE" cuts are not a cyclical indicator, more cyclically related "cost-cutting" was cited as the top reason for layoff announcements this month.

US Fed speeches last week acknowledged the challenge of navigating the current environment with limited data. Fed Governor Cook supported the decision to cut at the last meeting, noting that she believed downside risks to the labor market were greater than the upside risks to inflation, and assessed policy as still 'modestly' restrictive. Meanwhile, Fed Vice Chair Jefferson indicated that the recent lack of progress on inflation might be due to "tariff effects," and suggested underlying inflation may still be making progress toward 2%. He assessed policy as only 'somewhat' restrictive and agreed that it makes sense to 'proceed carefully' now as the Committee approaches the neutral rate.

Global Central Banks: Pause Amid Uncertainty

Caution and uncertainty were also themes reflected in the two key central bank decisions last week – but for different, structural reasons.

The RBA kept policy settings unchanged as expected, and the decision was unanimous. The recent higher-than-expected inflation, recovery in demand, still tight labour market conditions, and easing in financial conditions have now increased the uncertainty over the assessment that monetary policy remains a "little restrictive". Guidance was further adjusted to now reflect a "heightened level of uncertainty about the outlook in both directions". The Governor suggested that the RBA "may cut rates, or we may not". New forecasts for underlying inflation show the trimmed mean remaining above the target band through to H2 2026 – suggesting an extended pause is possible if data evolve as per the forecasts.

The BoE also kept policy unchanged, but it was an extremely divided 5-4 decision, with four members voting for a 25bps cut. Risks of greater inflation persistence have become less pronounced recently, while the risk to medium-term inflation from weaker demand has become more apparent (concerns over slack building in the economy) – such that these risks are now more balanced. Amid the voter split, the Committee agreed on "waiting for additional evidence before reducing Bank Rate further". While settings were deemed as 'restrictive', the internal division highlighted different views on the degree of restrictiveness. The decision noted that inflation was deemed to have peaked – an important signal for the outlook on rates. The extent of further cuts will depend on the inflation outlook – as disinflation continues, restrictiveness will be removed.

Outlook for the week ahead: Awaiting Shutdown Resolution

The expected resolution of the US government shutdown this week will see a shift from political gridlock. While the immediate policy risk of the shutdown may be receding, market participants must now brace for the uncertainty of when and how the official data flow will normalize – and importantly, what the data will say.

Assuming the shutdown ends this week, we'll await guidance from statistical agencies over the timeline for scheduled releases.

For the immediate week, the US economic calendar remains minimal, keeping private sector surveys in focus. Outside of the US, key data releases in the UK and Aus will serve as essential validation (or challenge) to the recent policy decisions by the BoE and the RBA.

Tuesday, 11 Nov is Veterans Day.

Key factors & events to watch this week:

Resolution of the US government shutdown and the resulting schedule of data releases.

US Data: Private sector reports are still in focus for this week, but will offer little further insight into the near-term outlook.

- NFIB Small Business Optimism Index will gauge sentiment in the small business sector, which, as highlighted in Part 1, may have been dampened by policy uncertainty in Oct and early Nov.
- The ADP preliminary 4-weekly payroll change will be updated now each week on a Tuesday. The prior 4-weekly change at the week ending 11 Oct was +14k. The note from ADP on the new release is [here](#).
- If the shutdown ends early in the week, the initial jobless claims series could be released this week.
- There will be numerous Fed speeches through the week – see the [official Fed calendar](#). Fed Governor Waller is scheduled to speak this week on “Payments” at a Fintech conference hosted by the Philadelphia Fed.

UK data

- UK labour market data for the 3-months ending Sept is expected to see the unemployment rate edge higher to 4.9% - this may not allay concerns over slack building in the economy.
- GDP for Q3 is expected to edge down to +0.2% QoQ, from a modest +0.3% in Q2.

Australian Labour Market for Oct

- Employment growth is expected to edge higher to +20k from +15k in Sept. The unemployment rate is expected to fall to 4.4% from 4.5% in Sept. This may also support the assertion that some tightness remains in the labor market.

Euro Area GDP growth for Q3 is expected to be confirmed at +0.2%.

The remaining activity data from China will be released this week. This comes on the heels of the step down in Chinese export and import growth in Oct. The activity data is expected to moderate slightly, with retail sales slowing to +2.8% in Oct from +3% in Sept and industrial production slowing to +5.5% from +6.5% in Sept.

US Treasury Issuance; 10 - 14 November 2025

This week, the US Treasury will auction and settle approx. \$532bn in ST Bills, raising approx. \$37bn in new money. The US Treasury will also auction the 3-year and 10-year Notes, and the 30-year Bond this week – they will settle early next week.

QT this week: Approx \$17.2bn in ST Bills will mature on the Fed balance sheet and will be reinvested.

WEEK	Auction Date	Settlement Date	Marketable Securities	Auction Amount \$B (TBAC)	Amount Maturing \$B	New Money \$B		Prior Auction High Rate %
11 Nov - Veterans Day								
10 - 14 Nov	06-Nov	12-Nov	4 week bill	110			Actual 3.875%	3.910%
	06-Nov	12-Nov	8 week bill	95			Actual 3.815%	3.890%
0.749	05-Nov	12-Nov	17 week bill	69			Actual 3.770%	3.705%
				274	260	14		
	10-Nov	13-Nov	13 week bill	86			Announced	3.815%
	10-Nov	13-Nov	26 week bill	77			Announced	3.700%
16.455	10-Nov	13-Nov	6-week Bill	95			Announced	3.900%
				258	235	23		
Total - securities settling this week				532	495	37		
Net New Cash Raised Qtr to Date				3882	3509	373		
<i>Estimated Net Cash to be Raised Q4</i>						<i>569</i>		
Face value of US Federal Reserve SOMA securities maturing				\$B				
Maturing & reinvestment								
		12-Nov	ST Bills	0.7				
		13-Nov	ST Bills	16.5				
				17.2				
Maturing & redemption (balance sheet roll-off)								
			Notes & Bonds	0.0				
				0.0				
Upcoming Auctions				\$B				
	10-Nov	17-Nov	3yr Note	58				
	12-Nov	17-Nov	10yr Note	42				
	13-Nov	17-Nov	30yr Bond	25				
				125				

Quantitative Tightening Overview – Nov 2025

The end of QT was announced at the Oct FOMC meeting and is expected to finish on 1 Dec 2025. The cap on US Treasury redemptions was already lowered to \$5bn back in Apr 2025.

In Nov, the face value of Coupons maturing on the Fed balance sheet is approx. \$47.2bn. This is more than the \$5bn monthly cap on Treasury redemptions. So of the \$47.2bn of Coupons maturing in Nov, \$5bn will roll off the Fed balance sheet (redeemed) and \$42.2bn will be reinvested. It also means that all ST Bills maturing in Nov will be reinvested.

Summary of Total Coupons & Bills to Redeem at the \$5bn redemption cap - Nov			
			\$5
		Redeem \$Bn	Reinvest \$ Bn
15-Nov-25	Notes & Bonds	2.3	19.5
30-Nov-25	Notes & Bonds	2.7	22.8
	ST Bills - Nov	-	58.1
Total Notes & Bonds		5.0	100.3

ST Bill maturity schedule – Nov 2025;

Bill Maturity Schedule - Nov		Weekly Totals \$Bn		
	Par Value of Bills Maturing	% Maturity by Wk	Bill Redemption	Bill Reinvestment
2025/11/04	0.89	2%		0.89
2025/11/06	12.17	21%		12.17
2025/11/12	0.75	1%		0.75
2025/11/13	16.45	28%		16.45
2025/11/18	0.74	1%		0.74
2025/11/20	12.53	22%		12.53
2025/11/25	0.73	1%		0.73
2025/11/28	13.79	24%		13.79
	58.1	100%		58.1

<https://www.newyorkfed.org/markets/treasury-rollover-faq>

Recommended US Treasury Financing Q4 2025 and Est Q1 2026

The latest quarterly US Treasury borrowing estimates were released on 3 and 5 Nov 2025. In a statement posted on 5 Nov, the US Treasury noted that it anticipates maintaining the current nominal coupon sizes for “at least the next several quarters”. However, the US Treasury did indicate that it “has begun to preliminarily consider future increases to nominal coupon and FRN auction sizes, with a focus on evaluating trends in structural demand and assessing potential costs and risks of various issuance profiles.”

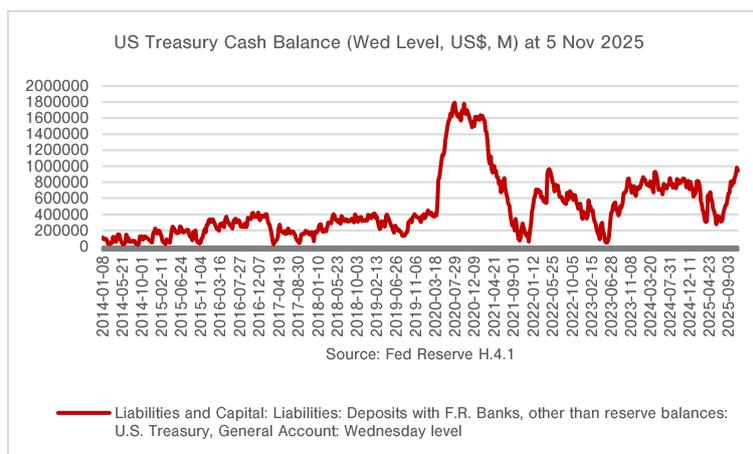
Updated Q4 estimates: Treasury expects to borrow \$569 billion in privately held net marketable debt (only -\$21bn lower than initially estimated), assuming an end-of-December cash balance of \$850 billion.

During the January–March 2026 quarter, Treasury expects to borrow \$578 billion in privately-held net marketable debt, assuming an end-of-March cash balance of \$850 billion.

The latest update of the US Treasury borrowing requirements for Q4 and Q1 2026 (estimate) can be found on the US Treasury website [here](#).

US Treasury Cash Levels (TGA)

As of Wed 5 Nov 2025, the level of the TGA decreased to \$943bn (-\$41bn compared to the week prior). The TGA balance is now approx. \$102bn higher than the same week a year ago.



<https://www.federalreserve.gov/datadownload/Download.aspx?rel=H41&series=53198152b62add5ad59ae42b6d3d720d&filetype=sheetml&label=include&layout=seriescolumn&from=01/01/2002&to=01/27/2021>

QE Program

There are no Treasury or MBS purchase operations scheduled at this time. Links to historical operation schedules: - <https://www.newyorkfed.org/markets/domestic-market-operations/monetary-policy-implementation/treasury-securities/treasury-securities-operational-details>

https://www.newyorkfed.org/markets/ombs_operation_schedule

CALENDAR W/C 10 November 2025

MONDAY 10 NOVEMBER (US Eastern Time, unless stated otherwise)

Australia	Westpac Consumer Confidence (Nov), NAB Business Confidence and Conditions Survey (Oct)
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TUESDAY 11 NOVEMBER

Veterans Day/Armistice Day

UK	Labor Market Survey (3months Sep)
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China	New Loans (Oct) - tbc
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US	NFIB Small Business Confidence Index (Oct), ADP 4-weekly Avg Payrolls, US Fed speeches: Barr
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WEDNESDAY 12 NOVEMBER

US	MBA Mortgage Applications wk ending 8 Nov, Fed speeches: Waller, Williams, Bostic, Miran, Paulson
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Canada	BoC Policy Deliberations
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Australia	Labour Market Survey (Oct)
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THURSDAY 13 NOVEMBER

UK	GDP Q3
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Europe	Eurozone Industrial Production (Sep)
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US	Initial Jobless Claims – wk ending 8 Nov (tbc), US Fed speeches: Musalem, Hammack
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China	Fixed Asset Investment, Industrial Production, Retail Sales (Oct)
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FRIDAY 14 NOVEMBER

Europe	Euro Area GDP and Employment Q3 (second est)
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US	Fed speeches: Bostic, Logan, Schmid
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